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G-Resources Group Limited
國際資源集團有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 1051)

ANNOUNCEMENT

G-RESOURCES – MARTABE MINE QUARTERLY UPDATE, THIRD QUARTER 2014 OPERATING RESULTS

Hong Kong, 21 October 2014

PRODUCTION HIGHLIGHTS

Gold Poured, ounces	
Q3 2014	73,153
Q2 2014	70,135
Costs, AISC, \$/ounce sold	
Q3 2014	679
Q2 2014	709
Average Gold Price, \$/ounce	
Q3 2014	1,273
Q2 2014	1,286

G-Resources Group Limited (HKSE: 1051 – “G-Resources” or the “Company”) is pleased to update the market with operating performance at G-Resources Martabe gold and silver mine in Indonesia for the third quarter of 2014.

HIGHLIGHTS

Through the quarter, the mine and process plant continued to operate well with gold production on plan and costs continuing to be well managed. AISC of \$679/ounce for the quarter is better than guidance.

The key events and achievements during the quarter were:

- 73,153 ounces of gold poured for the quarter. This brings the year to date to 208,090 ounces.
- 602,144 ounces of silver poured for the quarter and 1,648,679 ounces for the year to date.
- Gold and silver revenue received from sales of \$102M.



- **Site operating costs for the quarter were again maintained below budget levels as management continued to seek operating improvements across all activities. All-in sustaining costs (“AISC”) under the World Gold Council (“WGC”) guidelines were \$679/ounce sold for the quarter and \$691/ounce year to date.**

PRODUCTION STATISTICS

	Q3 2014	Q2 2014
Tonnes Mined Ore	1,168,000	1,363,000
Tonnes Mined Waste	2,208,000	2,101,000
Tonnes Milled	1,016,000	922,000
Gold Head Grade, g/t	2.65	2.86
Silver Head Grade, g/t	27.12	25.79
Gold Recovery, %	82.6	83.8
Silver Recovery, %	67.8	70.4
Gold Poured, ounces	73,153	70,135
Silver Poured, ounces	602,144	530,918

OPERATIONS

Safety performance in the quarter remained excellent, with no lost time injuries recorded.

Total mine material movements of ore and waste are 10.6M tonnes year to date, exceeding plan by 16%. Ore mined is slightly behind plan (14%) in order to better match mill throughput, and waste mined significantly exceeding plan (50%) as opportunity presented itself to accelerate tailing storage facility (“TSF”) construction.

The process plant has continued to perform well with gold recovery 1.5% over plan year to date and silver on plan. Mill throughput has again improved during this quarter with a 10% improvement on the previous quarter, with over 1 million tonnes milled, representing the highest quarterly milled production since the mine commenced operations. The installation of a temporary secondary crusher to assist in increasing throughput occurred in late August and whilst it is an experimental installation capable of treating only 20% of the mill feed, it has had some positive impact especially when treating very hard ore types.



Gold poured of 73,153 ounces was over plan for the quarter with a calculated annualized production, based on year to date gold poured of 208,090 ounces, being greater than guidance. Silver poured at over 600,000 ounces for the quarter was the best quarterly silver production achieved to date.

Emergency Response Team in training.



GOVERNMENT AND COMMUNITY RELATIONS

Community and Government Relations remain in good standing during the quarter with the continued commitment to the Martabe long term Community Relations and Social Licence plan. During the quarter, the ground breaking ceremony for the new grand Mosque in the local district took place. The Company participated in a number of religious events during the quarter, including Ramadan, Idul Fitri and Halal-bi-halal.

PLN grid power remains problematic and the Company has subsequently extended its lease agreement with the contractor for provision of power by diesel gensets for a further two years.



After the end of the quarter, on 13 October 2014, the Company received approval for the design and future construction of the TSF to its full height of RL360, which will provide current life of mine storage capacity.

The Company remains in discussions with the Government of Indonesia in respect of the potential revision of some of the terms in the Contract of Work (“CoW”). Both parties are working towards a win-win outcome.

Martabe sponsored training for vegetable produce.



COSTS, FINANCE AND CORPORATE

During the quarter, the world market price of gold fluctuated between \$1,213/ounce and \$1,340/ounce with the Company achieving an average price for the quarter of \$1,273/ounce. The Company has factored in lower gold and silver prices to its internal financial modeling and prices received for sales were on average in excess of plan through the quarter.



The Company has continued its focus on the “Martabe Improvement Programme” (“MIP”) seeking to continually realise incremental improvements in operations across the whole business to deliver ever improving financial results. For the quarter, the AISC, at \$679/ounce, a further drop of nearly \$30/ounce on the previous quarter, continues to demonstrate Martabe’s position as one of the world’s leading gold mines.

At the quarter end, the Company had \$346M in cash and marketable securities and had no outstanding debt. Financial data for this and the last quarter was as follows:

	Q3 2014	Q2 2014
Gold sold ounces	69,086	72,976
Silver sold ounces	707,315	429,051
Gold sold average price, \$/ounce	1,273	1,286
Silver sold average price, \$/ounce	20	19
Receipts from sales, \$M	102	102
WGC adjusted operating cost, \$/ounce sold	457	490
AISC, \$/ounce sold	679	709

As at 30 September 2014, there were 19,876 ounces of gold and 142,039 ounces of silver in bullion form, on site and in transit to sale in final refined form. In the prior quarter there was a backlog of silver sold due to an audit at the refinery, but this was corrected in the current quarter, contributing to the good AISC outcome.

Capital spent through the quarter, including TSF costs but excluding regional exploration, was approximately \$14M and year to date is \$43M which is currently approximately \$14M under budget.



A breakdown of the actual production and cost data for the last four quarters is provided in the following table:

		Q4 2013	Q1 2014	Q2 2014	Q3 2014 (Note 1)
Gold production	ounces	72,500	64,802	70,135	73,153
Gold sold	ounces	66,514	62,689	72,976	69,086
Gold average price	\$/ounce	1,266	1,281	1,286	1,273
Silver production	ounces	454,583	515,617	530,918	602,144
Silver sold	ounces	427,830	450,592	429,051	707,315
Silver average price	\$/ounce	21	20	19	20
Total site cash costs	\$M	39.89	38.60	40.22	45.81
Silver by-product (Note 2)	\$M	-7.44	-7.89	-6.71	-12.22
Site cash costs after silver credits	\$M	32.45	30.71	33.51	33.59
Other sustaining costs (Note 3)	\$M	17.90	12.04	18.25	13.29
Total all-in sustaining	\$M	50.35	42.75	51.76	46.88
Receipts from bullion sale	\$M	93.0	89.3	102.1	101.7
North American Gold Institute Standard ("NAGIS")	\$/ounce	447	474	478	459
WGC - all-in sustaining	\$/ounce	757	682	709	679

Notes:

1. Quarters refer to relevant calendar year.
2. Includes royalty and refining costs.
3. Includes an allocation of corporate costs, near mine exploration, sustaining capital, project feasibility studies and environmental rehabilitation.



EXPLORATION AND RESOURCES

Exploration activity continued with 5 drill rigs operating close to the Martabe operations. Activity continued to focus on near mine resource potential at Purnama, Barani South, Tor Uluala and Uluala Hulu.

A detailed exploration announcement will be made in coming weeks.

ABOUT MARTABE

The Martabe mine is located on the western side of the Indonesian island of Sumatra in the Province of North Sumatra, in the Batangtoru sub-district (Figure 1). Martabe is established under a sixth generation CoW signed in April 1997. The CoW defines all of the terms, conditions and obligations of both G-Resources and the Government of Indonesia for the life of the CoW.

Martabe Mine Aerial view.





Martabe, with a resource base of 8.1 million ounces of gold and 73.8 million ounces of silver, is G-Resources Group's core starter asset. Martabe's operating capacity is to mine and mill the equivalent of 4.5 mtpa ore to produce some 250,000 ounces gold and 2 million ounces silver per annum. Costs are competitive when compared to global gold producers.

G-Resources is seeking to organically grow gold production through continued exploration success on the large and highly prospective CoW area (Figure 2). The Martabe mine enjoys the strong support of the Indonesian Central, Provincial and Local Governments and the nearby communities of Batangtoru.

By Order of the Board
G-Resources Group Limited
Peter Geoffrey Albert
Chief Executive Officer

Hong Kong, 21 October 2014

(In this announcement, "\$" means "US\$")

As at the date of this announcement, the Board comprises:

- (i) Mr. Chiu Tao, Mr. Owen L Hegarty, Mr. Peter Geoffrey Albert, Mr. Ma Xiao, Mr. Wah Wang Kei, Jackie and Mr. Hui Richard Rui as executive directors of the Company; and*
- (ii) Mr. Or Ching Fai, Ms. Ma Yin Fan and Mr. Leung Hoi Ying as independent non-executive directors of the Company.*

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** For identification purpose only*



Figure 1: Martabe Mine Location.





Figure 2: Martabe Contract of Work.

